

Message Text

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ACTION EUR-12

INFO OCT-01 EA-06 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01

OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-03 IO-10 /100 W

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R 150800Z MAR 75

FM AMEMBASSY MADRID

TO SECSTATE WASHDC 1312

INFO AMEMBASSY ANKARA

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBURG

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

US OECD PARIS

C O N F I D E N T I A L MADRID 1765

E.O. 11652: GDS

TAGS: ENRG, SP

SUBJ: SPANISH REACTION TO PRICE FLOOR

1. EMBOFF CONTACTED TOMAS CHAVARRI, SUBDIRECTOR GENERAL
FOR MULTILATERAL ECONOMIC RELATIONS IN MFA MAR 13 IN

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ORDER GATHER LATTER'S IMPRESSIONS MOST RECENT GB MEETING.

CONCERNING THE GOS ATTITUDE TOWARD THE PRICE FLOOR, CHAVARRI STATED ITS POLICY NOT FULLY DEFINED. HOWEVER, HE TOLD EMBOFF IN CONFIDENCE THAT CONCERNED GOS AGENCIES HAD AGREED TO ACCEPT THE IDEA IN PRINCIPLE AND HAD COME TO A TENTATIVE CONCLUSION THAT A FLOOR PRICE RANGING BETWEEN \$5.50 AND \$7 PER BARREL WOULD BE TOLERABLE TO THE GOS. FROM PREVIOUS CONVERSATIONS THIS TOPIC, EMBASSY IMPRESSION IS DECISION STILL BEING CONSIDERED AT DIRECTOR GENERAL LEVEL IN FOREIGN AND INDUSTRY MINISTRIES WITH LESSER INPUTS FROM FINANCE AND COMMERCE MINISTRIES. CHAVARRI NOTED THAT SUGGESTIONS MADE IN LAST GB MEETING THAT PRICE SHOULD EXCEED PRE YOM KIPPUR WAR PRICE AND BE SIGNIFICANTLY LOWER THAN PRESENT.

2. FINAL STATEMENT AT END SUBJECT MEETING, IN CHAVARRI VIEW, SOMEWHAT TONED DOWN BY OBJECTIONS TO PRICE FLOOR CONCEPT ON PART PRINCIPALLY DELS DENMARK, SWEDEN, HOLLAND, TURKEY AND CANADA. LATTER COUNTRY OBJECTIONS BASED PRIMARILY ON INDEPENDENT ROLE CANADIAN PROVINCES IN ENERGY POLICY. CHAVARRI ALSO NOTED COMPLETE SILENCE GERMAN, JAPANESE AND ITALIAN DELS, WHICH HE PREVIOUSLY THOUGHT WOULD BE MORE LIKELY TO OBJECT PRICE FLOOR CONCEPT DUE GREATER RELATIVE DEGREE DEPENDENCE ARAB OIL FOR DOMESTIC ENERGY.

3. SPEAKING ENTIRELY PERSONALLY, CHAVARRI STATED HE FELT US PRESENTATION SOMEWHAT HAMPERED BY WHAT HE CHARACTERIZED AS ANTI TRUST LAW PROBLEMS IN FACILITATION DATA RE ACTIVITIES INDIVIDUAL OIL FIRMS. ALSO REGARDING UNIQUE ROLE U.S., CHAVARRI EXPRESSED OPINION US PERHAPS HAD LARGEST PARTICIPATION IN ENERGY MATTERS OF PRIVATE SECTOR ITS ECONOMY OF ANY IEA MEMBER. HENCE, OTHER MEMBERS THAT ORGANIZATION PERHAPS BELIEVED THEIR GOVERNMENTS ABLE DEAL WITH PROBLEM ENCOURAGE DEVELOPMENT ALTERNATIVE SOURCES ENERGY BY OTHER MEANS THAN PRICE INCENTIVE, I.E. DEVELOPMENT PLANS CHARACTERISTIC OF GOS AND OTHER IEA MEMBER GOVERNMENTS. IN SHORT, ALLOCATION ECONOMIC RESOURCES BY OTHER IEA MEMBER GOVERNMENTS MADE MORE BY GOVERNMENT FIAT THAN BY INCENTIVES.

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